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THE PROVINCIAL SITUATION

Discussed in an Open Letter to the People
by Hon. James Dunsmuir,
Premier.

To the People of British Columbia:

In view of the persistent criticism in the press and at public meetings, and the determined effort that has been made to defeat the government for reasons that cannot be justified on grounds of public policy, I have decided to lay my views frankly and fully before the public. The following statement is an explanation of my position and of the policy of the administration, and during the campaign to follow there will be an opportunity on the platform to go more fully into details:

It is well known that the present political situation has arisen almost entirely out of the railway negotiations of last session. Whatever else may be said about me, nobody will accuse me of seeking the position of Premier. When called upon I accepted simply on the grounds that I hoped to be able to bring about a more settled and satisfactory state of affairs, and I had assurances from men representing all shades of opinion that they would support me in that effort. Since the present trouble began I would willingly have resigned had I seen any likelihood of a union of parties in the House under someone else able to form a stable government. My own business is sufficient to occupy all my time and there can be no personal advantage to me in remaining in office.

I am accused of joining forces with Mr. Martin and being dictated in my policy by that gentleman, who, it is

contended, having, as shown by the last general election, lost the confidence of the country, is not qualified to advise or assist the government. I shall explain how that gentleman and other members of the Opposition came to support me; but just here I wish to say absolutely that neither myself nor the government have been directed by them in any matters of policy or administration whatsoever. Notwithstanding all that has been said about an 'unholy alliance' for the purpose of defeating the V., V. & E., Mr. Martin neither framed nor had he anything to do with framing the government railway policy and never saw the railway bill of last session until on the day it was laid before the House.

THE RAILWAY QUESTION

That measure, I may add, was framed in accordance with what the government thought was the expressed and well understood wishes of the people in regard to the measure of control the government should exercise over railways assisted by the province, and what they believed to be sound public policy. The conditions were such as I was willing, as a private individual in promoting the extension of the E. & N. railway north, to accept; and were conditional upon the co-operation we felt we were entitled to on the part of the Dominion government. If no railways have been undertaken under the legislation of last session it was because we

have not yet received that co-operation. Our policy was strictly in line with the representations we made to Ottawa by letter, and by personal interview before the V., V. & E. company ever came forward with their proposition at all. It was stated to the Executive, and it will not now be denied that, with the exception of 30 miles at each end, the building of the main line of the V., V. & E. over the Hope Mountain depended upon receiving the Dominion subsidy in addition.

In considering the cost of railway construction in this province, and the undeveloped state of the country, I personally would not, and no other person or company would, think of building lines of railway such as were contemplated into new districts without further aid than the province can afford to give. We can grant lands, it is true, but everybody knows the hue and cry, whether right or wrong, that has been raised against such a policy. Without the minerals and timber as well, which, of course, would be out of the question, no company would want land, unless that land included the best and most arable tracts required for purposes of settlement. The government is prepared to consider any such propositions provided always that the public interests are properly safeguarded, and that they are in accordance with our general policy.

DUTY OF THE DOMINION

The position this government has taken is that owing to the large revenues derived from British Columbia the Dominion should, and is in duty bound to assist in railway building in this province in at least the ratio of two to one; and that when the province gives aid to railway companies there should be a measure of control and a fair return in moneys for the aid and privileges granted. It is said the conditions the government imposed were too severe; but it must be remembered that substantial aid was expected from Ottawa; and in our representations we offered to modify our policy in any reasonable way conformable with the views of the government there in order to secure its co-

operation. The public must understand that with our limited financial resources, and with so much of our revenues alienated to the Dominion, this or any other government would bankrupt the province if it aided all the railways proposed and got nothing from them in return. Few people realize that about four times the amount of revenue goes to Ottawa from British Columbia that is received from all sources in the province by the Provincial Treasury, and we only get a little over one-third back in the way of subsidies and appropriations. How then are we to build all the railways, bonus shipbuilding and open up and develop all the immense country that is promised by our opponents if the Terms of Union are not to be readjusted, and we are not to receive a much larger share of what we contribute to the Dominion.

My policy and that of this government has been and is, not only to urge on the Dominion government to relieve us from Oriental immigration, but to take up the burden of railway and shipbuilding, and fishery development, or hand us back such a share of our contributions as will enable the people of the province to do it for themselves. With a population the smallest of all the provinces, British Columbia is the province that has done the most for Canada. It has in 30 years paid to the Dominion \$15,000,000 more than it has got back. During the same period the debt of the whole of the Dominion has been increased by over \$125,000,000. What do these facts prove if not the correctness of our contention? Impressed with the great weight of circumstances against us under such an arrangement as at present exists, we have renewed the correspondence with the Dominion on the subject, pointing out clearly that owing to the peculiar physical conditions of the province—the greatly increased cost of administration as compared with other provinces (three times greater—under the Terms of Union it is difficult if not impossible to maintain an equilibrium between revenue and expenditure. We have asked for a convention between

the two governments to review the whole facts of the case and by a fair, open and impartial investigation arrive at a readjustment.

It is said the government has no policy. I am willing that the people should say whether such a policy, so far as the development of the country is concerned, will not compare with the policy of any other public man who has stated his views. I am willing that the whole policy of the government, as I shall outline it, should be placed side by side for comparison. The financial situation from the point of view as between the province and the Dominion must be faced now or at some future time. I ask, in all fairness, if these are facts, who is entitled to the credit for honestly striving, by making representations to the government at Ottawa, to improve the finances and to secure the development of the country? If any other government were in power tomorrow it would find it could not make bricks without straw any more than we can. So long as I am Premier, I shall not depart in the smallest degree from the position we have taken in demanding of the Dominion government that we shall at least have our cause investigated and our claims, if well founded, recognized.

A RETROSPECT

Now then, I come to my position in regard to Mr. Martin. Last session, as everybody knows, when the government's policy in regard to railways was being formulated, and after it had been submitted to the House, tremendous pressure was brought to bear on us to accept the proposition submitted by the V. V. & E. I shall not refer to the nature of the agitation or to those who promoted it. The cry was for competition in railways and against the C. P. R. Owing to the attitude of a number of the supporters of the government on this question, a crisis was created. A great deal that was mysterious was going on on all sides and rumors were thick about the downfall of the government. No other government in British Columbia possibly ever had so much

pressure brought to bear on it at any one time as was brought to bear on the government last year to accede to terms, which practically meant the exclusion of all competition so far as the building of the Coast-Kootenay line was concerned. We were practically held up and with a gun to our heads asked to surrender or submit to defeat. Because we refused to be held up in that fashion, the government has been denounced as tools of the C. P. R. So far from our being tied down to that corporation or controlled by its influence, I will just say that the V. V. & E. would have got the subsidy had the company accepted the conditions laid down in the Act, and they know it. Moreover, if they had been willing to build the whole line over the Hope mountain the government would have willingly met them and assisted them. That company would not so agree. They wanted to be allowed to build the 30 miles at each end under the terms of the Act and earn the subsidy for the 60 miles. In that case they were willing to wait forever, if necessary, to get the Dominion subsidy. Is there a man in British Columbia who has the hardihood to say the government should have entered into such an agreement? It was at that time I learned of a movement among certain members of the House, including some of my supporters, to defeat the government. This may be denied, as it has been, but I had very good evidence of it, which even is not wanting in the Journals of the House; and had the opposition then joined hands with the defected element and the Independents, the government would undoubtedly have been defeated. It was at this critical time that the members of the opposition, who declared themselves in accord with the railway policy of the government, volunteered their support, and I was very glad to get it. As a consequence the plans to defeat us did not mature. I may have been mistaken in the course I pursued, and even as to the events which influenced me—and I take upon myself the entire responsibility—but I felt that I was entitled, in filling one of the vacant port-

follos, to recognize the support of the opposition at a critical time, by selecting Mr. Brown. As I have said, I may have made a mistake, but whether right or wrong, I acted, not as a politician, perhaps, but at least in a way that appeared to me to be right. Men who complain about Mr. Martin coming over to the government must not forget the men who were willing to go over to the opposition and make a new deal. I was very sorry, indeed, to see Mr. McBride, who had been a life-long political opponent of Mr. Brown, leave the cabinet, and I still believe his reasons were insufficient.

THE VACANCIES

The government has been blamed for inaction, and for not bringing on the by-election in Victoria and filling the vacant portfolios; but even in that there is nothing so unusual or unprecedented either in Dominion or Provincial politics. The government must be the judge of the best time in which to make its own arrangements and to define the policy upon which the elections are to be held. I have felt that a determined effort was being made to take advantage of the political situation and by pressing an election to defeat the government. For this purpose our position has been misrepresented in every way possible. When the elections were held I wanted, as leader of the government, to be in a position to lay a definite programme before the electors upon which all former supporters of the government and members of the legislature could unite—a practical, business-like programme.

The defeat of the government candidate in Victoria would, I have no doubt, be regarded by many as tantamount to a defeat of the government, and without the policy and intention of the latter being fully known, defeat in Victoria would be very probable; but if, on the other hand, our position and policy were such as to justify the delay that has occurred, and such that, apart from my personal course in asking Mr. Brown to take a seat in the cabinet, that could be defended, and approved by all. I feel that

the government has pursued a wise course in not making haste too quickly. It may be assumed that if I had not invited Mr. Brown to join the government it could have counted on a large majority in the next meeting of the legislature, and, therefore, if our programme is now such as to warrant support on its merits, anything that might be regarded as a tactical mistake of my own in regard to the personnel of the cabinet, could not be a sufficient cause for bringing on a new election and plunging the country into political chaos again, and that, too, before a redistribution bill could be passed, leaving the country inequitably represented for four years more.

REASONS FOR DELAY

In the first place, the government had undertaken a most important matter, the survey of the Coast-Kootenay line over Hope mountain, and we wanted a report as to the feasibility and cost of that line. Hon. W. C. Wells, chief commissioner, as soon as he received a preliminary report from Mr. Dewdney, went East to take up the subject of communication into that country with the several railway companies and the Dominion government; also the subject of the Canadian Northern, which will soon reach the Rocky mountains, and concerning which we are carrying on negotiations at the present time. Upon his return Mr. Prentice had gone East, and the Christmas holidays intervening, the matters for consideration could not be fully decided upon. We have since been discussing and formulating plans on several most important subjects preliminary to the elections being held, and the meeting of the House, and we are now prepared to submit them to the country.

THE GOVERNMENT'S RAILWAY POLICY

The letter addressed to Sir Wilfrid Laurier, copies of which have been sent to the several senators and representatives of the Dominion House of Commons from the province, asking for their

co-operation in urging our claims on the government at Ottawa, clearly outlines our position in regard to railway matters and reviews the whole negotiations of last year.

As an earnest of our desire, now that we have a definite knowledge of the proposed route via Hope mountain, to afford direct communication to the Southern Interior, and in order that competition may be maintained without discrimination to railway interests, the government has made a proposal to join hands with the Dominion government to build the line over the Hope mountain into the Similkameen, as a joint government undertaking, and give all railways full and equal running powers over it upon certain terms, the same as is proposed in the case of the New Westminster bridge. This would, of course, depend upon making suitable arrangements with the C. P. R. and the V. V. & E. to use it when built. In so doing, I have stipulated that it is not to be regarded as a precedent for or against the general principle of government ownership, so far as the province is concerned, or as applicable to other roads under consideration; but simply as a proposal that might wisely be adopted in a special case and under peculiar conditions. The province alone could not, nor do I believe it is the business of the province to, undertake the building of railways on its own behalf, but so far as this particular line is concerned, where some one company must be subsidized to the exclusion of all other lines, by the Dominion and the Province uniting on a certain division of cost, it would afford the competition desired and provide for all time to come against the trade of the country being monopolized by any railway corporation.

IMMIGRATION

Another matter of the greatest possible importance to the province is the settlement of the unoccupied lands of British Columbia. This more than anything else has occupied the attention of the executive. While there are large areas in the Interior, not yet reached by rail-

ways, suitable for settlement, there are at the same time considerable tracts of both crown and private lands in the districts adjacent to existing lines of communication, which are vacant and unproductive. I believe we should first fill up the districts near our towns and cities before going far back. The difficulty we find is not in getting settlers, because inquiries are numerous, but in locating them. The government has devised a scheme for placing tracts of land from 1,000 acres in extent upwards on the market for settlers, on the easiest possible terms. I cannot very well outline the plan before the meeting of the legislature takes place, but a bill will be submitted very early in the session, and it will be found practicable and calculated to effect the settlement on small holdings of thousands of farmers in the most accessible districts. This we regard as the most business-like immigration policy that can be adopted, and in conjunction with the Agent-General's office, London, will result in great good. No amount of advertising will avail if we have no definite location for settlers when they arrive. The government has already made arrangements under the present Land Act for the settlement of two colonies on the Coast, and is making arrangements for a third.

REDISTRIBUTION

The government recognizes also the importance of redistribution; but recognizes as of still greater importance that when a measure is introduced it should be as fair and comprehensive as possible. I contend that in a province like this, it is impossible for the legislature to deal with all the details of a bill without having more information than is afforded by the bare census returns. Natural boundaries, resources and special conditions of each district should be considered, and having this in view, the government is prepared at the coming session to deal with the matter in a way that will make it satisfactory to all parts of the province. In the way proposed, all sections will be consulted and all interests considered, so that when a

measure is submitted the House will be in a position to judge intelligently and act accordingly.

TAXATION OF MINES

The memorial of the mine owners setting forth their grievances has had the consideration of the government, and as a mine owner myself I naturally sympathize with them in whatever degree the laws may work a hardship, because as one of our principal industries, it deserves all encouragement possible and should be relieved of every unnecessary restriction. Hon. J. H. Turner last session announced as Minister of Finance that the question of taxation as a whole would be dealt with in a general act for which information would be forthcoming during the recess. One grievance complained of is the incidence of the two per cent. tax as between high grade and low grade ores. We recognize that in certain cases that may be inequitable and we are considering its readjustment in the proposed legislation. Mining is affected by measures both Dominion and Provincial in their nature, and if the Dominion government at Ottawa will join with us we are willing to agree to a joint commission in which all phases of the industry may be investigated and reported upon at one time.

SHIPBUILDING

Shipbuilding, the encouragement of which is of vital importance, and one which was the subject of strong representations to Ottawa, I regard as a matter belonging to the Dominion rather than to the province. We cannot afford a system of bonusing on the scale necessary, if we so desired; but we will continue our representations, and hope if a convention is arranged with the Dominion to have it included among the subjects to be dealt with. The province is willing to do its share, and at the last session of the legislature a bill was prepared and printed; but there was not time to have it passed.

THE FISHERIES

The matter of the control and development of our fishing industry is still unsettled, but in the meantime we have

appointed a practical man to investigate the conditions of fish life on this coast, with a view to the better propagation of salmon and the development of our fisheries as a whole. We believe that a man whose experience has been obtained and whose success as an expert has been demonstrated on this Coast is better qualified for such work than some one in Eastern Canada or Great Britain, whose theories are not applicable to conditions here.

COLD STORAGE

The Minister of Finance has under consideration the question of cold storage as applicable to stock interests of the Upper Country, and it is the intention to encourage the establishment of abattoirs at some place in the Interior whereby the annual loss during winter that occurs in the grazing country may be avoided and the by-products utilized.

FREIGHT RATES

The government has been able, through a joint commission, to arrange with the C. P. R. for a very material reduction of rates on agricultural products and otherwise to facilitate traffic arrangements in the interests of farmers. A report on this subject will be forthcoming at the next session.

OTHER MATTERS

In matters of road-making and public works, in educational affairs, and in many other respects the government has done a large amount of work. Some of the changes involved may not have been for the time being popular, but they were right and necessary.

Many other matters have had our attention and consideration, but I believe that in the foregoing I have outlined a sufficiently comprehensive and practical programme for any government to undertake and whether I remain in office or not I trust it will be fully carried into effect. I believe it will have the thorough endorsement of the people of British Columbia and to them I am willing to leave the decision as to whether this government has been neglectful of their interests and has no policy except personal interest and office upon which to appeal for their support."

JAMES DUNSMUIR.

LETTER TO SIR WILFRID LAURIER

In Which the Claims of the Province Are Again Set Forth and a Convention Asked.

The following is the letter from Hon. James Dunsmuir, Premier, to Sir Wilfrid Laurier, reviewing the negotiations at Ottawa last winter during the visit of the delegation from the British Columbia government, and asking for a convention to discuss the case of the province for "better terms."

Premier's Office,
Victoria, B. C., 7th January, 1902.
Rt. Hon. Sir Wilfrid Laurier, Prime
Minister, Ottawa:

Dear Sir Wilfrid.—While in Ottawa last winter the members of the delegation from the government here, personally and by letters and statements submitted, presented with all earnestness and to the best of their ability the arguments in favor of a re-adjustment of the financial arrangements between the province of British Columbia and the Dominion of Canada; and I must confess to a feeling of disappointment in not having had a definite reply as to whether these representations, in whole or in part, had received, or would still receive, the consideration of your government.

NATURE OF THE REPRESENTATION

As you are aware our representations were made with fairness and frankness and without respect to party or political considerations—simply on the grounds of what appeared to us as matters of right and mutual advantage. Our arguments in favor of increased subsidies were, indeed, based to a large

extent on the greatly augmented revenues which would flow to the Dominion Treasury as a consequence; and we not unreasonably hoped that our proposals, backed up as they were by the strongest arguments possible, would not only not excite opposition in other parts of Canada, but would receive the endorsement of all fair-minded, progressive and far-seeing citizens of the Dominion.

I am aware that it has been said that the delegation was unreasonable in the number and magnitude of the demands then made. That impression arose no doubt from the fact that many of them had never previously been catalogued in one document, and the considerations involved had never before been brought to the attention of the public; but the justness of the claims and the facts upon which they are based have so far not in any way been controverted.

THE METHOD PURSUED

It has also been held that the matters in question should have been taken up with your government through the representatives of the province in the Dominion House of Parliament. From the standpoint of policy it might have been wiser to have adopted such a course; and had I thought for a moment that the rights of the province would have been jeopardized by lack of co-operation on the part of its representatives in consequence of their advice and assistance not having been enlisted, I, certainly, and I feel quite sure my colleagues, would have been only too glad to have

availed ourselves of such advice and assistance. It did not occur to me, however, that negotiations affecting the business relations of the two governments should be carried on through other than the ordinary channels for conducting such negotiations in the past; and I certainly then looked, and do still look, for the most cordial support of those gentlemen, the interests of whose constituents are deeply affected by the negotiations in question, in bringing about a satisfactory settlement.

Fully impressed with the justness of our cause, it is not our intention to relinquish its advocacy or depart from the course we consider in equity to be our right and duty to pursue, and I trust that no government that may succeed the present will do less.

ATTITUDE TOWARDS THE DOMINION

You will understand that the representations we made in our Memorial to your government were, generally, in the direction of some more definite understanding—some specific recognition of our moral and political rights in the form of increased and corresponding returns for the revenues from this province to the Dominion. Our Memorial indicated the lines, and the reasons therefor, which in our opinion should form the basis of such suitable recognition. We made no hard and fast demands. We asked only for a convention and a policy of co-operation based on mutual interests. In this respect, therefore, while our objects and procedure may have been misrepresented in some quarters we trust that they have not been misunderstood by you or by your government. Nothing that has been said or written can be construed, I hope, into an attempt to dictate to, to coerce, or to threaten the authorities at Ottawa. Our whole aim has been to work amicably and in perfect understanding with them, upon, as I have stated, certain lines that might, after the fullest discussion, be mutually agreed upon. This has been our position particularly in regard to railways, the building of which in this province involves a great deal that is common to the interests of both

governments and which, in my opinion, should be prosecuted on a uniform and co-operative basis.

A CONDITIONAL POLICY.

I wish to reiterate here what I have stated in my letter to you in October, 1900, and to which I again earnestly direct your attention. Our policy submitted at the session of 1901 was based on the reasonable hopes we entertained of assistance from your government. It was outlined in the preamble of the act then passed providing for the construction of certain railways. Not having, however, up to that time heard from your Minister of Railways as to the proposals we made while at Ottawa (and in reply to telegrams subsequently urging co-operation), we were of necessity obliged to define our own position in regard to those lines of railways and to stipulate the conditions upon which we would be willing to assist in building them; but at the same time we were willing to modify these as far as possible consistent with sound public policy in meeting the views of your government in respect to each one of those matters, or in respect to other matters that you might wish to include in a general policy of railway building. That is the position that we still maintain.

THE COAST TO KOOTENAY ROAD

You are doubtless aware that this government was subjected to very severe criticism, and that great pressure was brought to bear on it, in regard to one line of railway proposed, known as the V., V. & E., to be built from the Coast via Hope Mountain into the Boundary. It was charged that our policy was framed with a view to favor the C. P. R. as against other companies and to prevent competition in that country. While I am not in any way bound to offer an explanation or defence of our policy to your government on that score, at the same time I wish absolutely to deny the truth of such an accusation. To show the bona fides of our desire to afford direct communication from the Coast to Kootenay, we, shortly after the prorogation of the House, undertook a complete survey of the proposed route via Hope

Mountain. This was done in order to ascertain the feasibility and exact cost of a line of railway. Up to that time both were uncertain and the government had absolutely no reliable data upon which to proceed. This, however, was I have no doubt fully explained to you by my colleague, Hon. W. C. Wells, while in Ottawa recently. I refer to it, however, in order to show you that it was our sincere desire to further the interests of the various sections to be affected by such an undertaking, which was, as you know, the subject of strong representations at the time the delegation visited Ottawa.

A PROPOSAL FOR RAILWAY CONSTRUCTION

Furthermore, to assure you of our desire to carry our policy into effect and in order to obviate the possibility of competition being restricted the government is now willing to enter into negotiations with the Honorable the Minister of Railways with a view to the construction of that portion of the line over the Hope Mountain into the Similkameen country as a joint government undertaking, the C. P. R., the V., V. & E. and all other railways to have full and equal running power over it upon terms and conditions that may be considered fair and reasonable in the interests of all concerned. In so doing this government does not wish to be bound by it as a precedent for or against the general principle of government ownership of railways so far as the province is concerned, or as one which should be made applicable to other railways under consideration. Government ownership may or may not for general purposes be a wise policy to adopt; whereas in a particular instance and under peculiar conditions it might be advantageous; and in this instance if the V., V. & E. railway company and the C. P. R. company will agree to use the road when completed as suggested, I regard it as a proposal which is worthy of your consideration.

Hon. W. C. Wells, I understand, while in Ottawa, discussed with you, as well as with the promoters, a measure of assistance to the Canadian Northern, now nearing the Rocky moun-

tains, and proposed to traverse the Northern interior to the Coast. This, I may say, is fully in accord with our policy, and we regard the opening of that portion of the country as highly important, and as one which would be equal in results to the building of the C. P. R. through the Southern portion. We hope to see some definite and satisfactory arrangements entered into at once.

THE PROVINCE'S POSITION UNDER CONFEDERATION

I now come to another matter of still greater importance to British Columbia in its governmental capacity. While in Ottawa last winter, I had not fully thought out all the matters affecting the relations of the Province and the Dominion; but it occurred to me and I mentioned it in conversation, that the claims of the province should be commuted for a yearly sum in addition to the present subsidies received. I did not, perhaps, state the exact grounds, apart from the excess of revenue paid to the Dominion over and above the appropriations made in return—which is yearly very large and yearly growing larger, upon which such a proposal should be based. You, however, have only to consider the peculiar circumstances and conditions of this province as compared with other provinces, to fully appreciate our position.

At the time of Confederation, in 1867, the provinces then included, which are comparatively level and compact, were in the main municipalized; their roads and bridges and other public works of a provincial character, were to a large extent completed; and the public debts of all were assumed by the Dominion, a start being made with a clear sheet and greatly reduced responsibilities. In the province of British Columbia at the time of Confederation, 1871, considering the sparseness of population and the smallness of the probable revenue, the arrangement made under the Terms of Union was thought to be a very liberal one, and the delegates from British Columbia had every reason to believe they had made a very good bargain for the

province, and were justly entitled to the congratulations they received; and, therefore, at a period when development was so limited and so little was known about the possible resources of the country, it is not to be wondered at if they did not secure greater concessions or see just how, under wholly new conditions, the arrangements they entered into would finally work out from a book-keeping point of view. While, however, a contract, presumably legally and constitutionally binding for all time to come, was entered into, it is not to be maintained that such a contract should continue forever without modification, if it can be proved beyond question that the terms are such as to work a perpetual hardship to one of the contracting parties. That it does do so, I shall proceed to show.

PHYSICAL AND OTHER CONDITIONS

The government of British Columbia is working under conditions absolutely unique in Canada, and must for all time to come remain at a disadvantage as compared with the governments of other provinces—I mean in respect to equilibrium of revenue and expenditure. Our province is, roundly speaking, 800 miles long by 500 miles wide. It is more or less mountainous throughout its whole extent, with valleys and habitable ground at long intervals only. Its population, while individually more potential, can never, by reason of physical environments, be as large as other provinces in proportion to area. The expense of governing per head of population must for all time to come necessarily be many times greater. It entered Confederation with roads, bridges, wharves, railways, schools, etc., all practically unbuilt and to be provided for in the future. Owing to the physical conditions, the government had to assume all the expenses of these undertakings, which, in the main, elsewhere is borne by municipalities. With few exceptions, there are no municipalities outside of incorporated towns. Every road or railway costs on an average three or four times per mile what it does in other parts of Canada. The

distances between the settlements are very great; hence the mileage to build and maintain is often enormous. The schools, the roads and trails, bridges, public wharves and buildings, hospitals, charities, and even doctors in many places, have to be provided for by the province. The cost of administering public justice throughout this vast extent of country is also, for similar reasons, very great and many times what it is in the East.

SOURCES OF REVENUE

While all this is true, the sources of revenue provided under the constitution are precisely the same as in the East. The increase of population under such circumstances, while it means increase of revenue, also means proportionate increase of expenditure in order to supply the varied and expanding needs in the way of schools, the administration of justice, the building of roads and bridges, railways, etc., etc. As a consequence, the balance between revenue and expenditure under present conditions is difficult to reach and maintain.

The potential sources of revenue belong to the Dominion. We have proved to you that we pay three times the average contribution of Canada to the Dominion and get less than half back. If the people of British Columbia were able to retain all they contribute in taxes to the Provincial and Dominion governments, they could support every public utility of the province, both Provincial and Dominion, build their own railways, and still have a surplus each year to their credit.

A CONVENTION ASKED

What we now ask the Dominion government to do, is without further delay to take these matters seriously into consideration and arrange for a Convention between the Province and the Dominion for the purpose of reviewing the whole facts of the case and arriving at better terms. Our object is to reach a solution as the result of fair, open and impartial investigation, and by no argument other than is just and equitable to appeal for a decision.

The Dominion of Canada has on the Pacific Coast a province full of resources and illimitable wealth, with a vigorous and enterprising population—a domain which, if fully developed, will prove of inestimable advantage in making the name of Canada great, and in fulfilling a destiny which Britons everywhere, and more especially Canadians, would rejoice to see accomplished. However, I have endeavored clearly to show that under the present terms governing the relations between the Province and Dominion, the cost of internal development to the former is out of all proportion to the revenue to the provincial treasury arising from resources however rich; and that, on the other hand, the revenue which accrues to the Dominion as a consequence of our prosperity, however great, presents an enormous disparity

in respect to the appropriations we receive in return; and one which in its effect must forever impose unnecessary and unjust burdens on our people and prevent that high limit of development that would otherwise be possible.

As you are well aware, what we ask is not new in the history of Canada since 1867, and if the provinces which originally framed the Terms of federation as generally applicable to all its parts, saw in the mistakes made or injustices committed in the first place a sufficient reason for readjustment in more than one instance, they cannot now reasonably object to a convention on grounds for which they originally furnished the precedent.

Believe me to be, very sincerely yours,

(Sd.) JAMES DUNSMUIR,

Premier.

THE CASE FURTHER REVIEWED

In a Supplementary Letter to the Press by
Hon. James Dunsmuir,
Premier.

Sir.—A few days ago, in an open letter to the people of British Columbia, I outlined in a general way my own position and the policy of the government, and I now wish to supplement my former remarks with others, and incidentally to meet the objections that have been raised. I have not been disappointed with the reception with which the government's declaration has been received, as I felt certain when our course of action and policy were fully understood, much of the opposition—the result of misapprehension—would dis-

appear, and that they would be generally endorsed by the electors more especially when they have read my letter to Sir Wilfrid, which I have permission to publish.

NOT ANTAGONISTIC TO OTTAWA

Among other things, an impression is sought to be conveyed—more especially that our representations to Ottawa have become an issue in the present federal campaign in Victoria—that the government is endeavoring to create a feeling of antagonism against the Dominion,

by the people of this province. This is unfair and untrue. In all the correspondence with the Dominion authorities there is not a word of reproach, not a breath of menace, not a single unfriendly utterance. I have gone to Sir Wilfrid Laurier in perfect confidence, open and above board, because I have all along believed him to be a statesman who can rise above party considerations whenever the interests of the country are at stake, and who is willing to do justice to all sections of Canada alike. It is quite natural, however, that he will be influenced by his supporters in British Columbia, and if our representations at Ottawa are not ultimately successful, it will be because they have not had the endorsement and support of those who are his political advisors and friends, or that the hostility of other parts of Canada will prevent it. It has been charged that one reason why our mission to Ottawa has not been so far successful has been because we did not take the representatives of British Columbia in the Dominion parliament into our confidence. On this occasion, however, I have sent each of these representatives a copy of the letter to the Prime Minister, requesting his co-operation and support in behalf of our claims.

OUR RIGHTS DEPEND ON JUSTICE NOT POLITICS

In order that our case may not be prejudiced on account of political considerations, I am averse to having the question of just terms for British Columbia becoming a party cry of either Liberals or Conservatives against the other. I want, so far as I am concerned, to see our claims made the subject of unanimous demand on the part of the people of this province to the Dominion of Canada, not as against the Liberal or any other government that may be in power. We must depend on the justness of our cause and the fair-mindedness of the people of the sister provinces, rather than upon political influence. The balance of power still lies east of the Great Lakes, and the predominance of sentiment there must for some time to come continue to govern.

We must convince them by absolute facts of our rights, and that in the prosperity and development of British Columbia, which is involved, depends to a large extent the greatness of their own future. If we are denied justice at the hands of Eastern Canada, we must then carry our grievances to the foot of the throne itself, where the petition of the humblest of British subjects will not be denied a hearing. A condition of things in which we pay three times the average per capita tax of the people of Canada to the Dominion treasury an amount which bears the ratio of three to one to that received by the province for all purposes; in which the cost of administration is three or four times that of other provinces; in which, by our far removal from the great centres of trade of the Dominion, the freight charges on goods consumed is many times greater than that of those who, for instance, live in Ontario or Quebec; and in which, at the same time, we have to depend for our revenue under the constitution upon sources which are identical and not greater than those of other provinces—is one which must find a solution in the negotiations which we have begun, or in the application of other remedies which the future will disclose. It is an unequal contest of development as at present. If we are so handicapped by natural conditions and by the Terms of Union, which are admittedly hard to adjust, how much more difficult will it be to accomplish what we have in view if those to whom the people look as their political leaders and representatives not only fail to back up our efforts but actually belittle them, for no other reason than that they are made by the "Dunsmuir government." If that be the highest conception of party politics that is to govern this province, then I must say, as I have always said, that I am thankful I am not a politician.

DEFINITE STATEMENTS FROM OP- ponents WANTED

Let it be understood once for all that this government has not attempted to dictate terms to the government at Ottawa, and that it has not asked for more money that we may have the

privilege of spending it. On a former occasion we asked for a conference to enable a delegation to lay our views before the Dominion government. In that conference and in the representations we made in connection with it, we laid down no hard and fast lines; we merely suggested the basis of discussion and subsequent agreement. I defy any man to place his finger on a sentence in the whole correspondence up to the present time that is not friendly, not sincere in promoting mutual interests, and not justified by the facts we had advanced for consideration. We have now asked for a convention to discuss, upon evidence to be submitted, the claims of the province for better terms, and in the letter to Sir Wilfrid Laurier now published, the country will have an opportunity to judge as to the validity of the grounds upon which our proposal is based.

I now ask those who take exception to the course which the government has pursued to state definitely and unequivocally, over their own signatures, whether the representations made to Ottawa are proper and in the public interest:

Whether or not the facts stated therein and the conclusions drawn are correct:

Whether or not, in that case, we did right in making such representations and in pressing our claims as we did:

Whether or not the government is now right in continuing to press those claims and in asking for a convention for their discussion:

Whether or not they will unite in supporting them:

Whether or not, if our course has been in the interests of the province, the government is entitled to any credit for its efforts in that respect:

And whether or not, under such circumstances, the failure so far, to secure recognition of our claims or reply to our representations, is to be laid at the door of this government.

Let our opponents, too, take up the different planks of our platform and say whether they are sound, practical and worthy of support.

GOVERNMENT OWNERSHIP AS APPLIED TO THE PROVINCE

The government is accused of adopting Mr. Martin's and Mr. Smith Curtis' railway policy. Even if that were true, it is no good reason why it should not be adopted if it were a right policy; but we have not adopted that policy, and we have not adopted the principle of government ownership. I have stated distinctly that I am not in favor of the government of the province undertaking on its own account, as a general principle, the building of railways, and for three reasons: (1) The province is not in a position financially to do it; (2) it is the duty of the Dominion government, if at all; (3) success of government ownership must depend on the whole Canadian system of railways being made uniform.

A principle not generally applicable, however, may be so under special and peculiar conditions; and the agitation of last year in favor of the V. V. & E. affords the complete explanation of what, in this instance, are the special and peculiar conditions. The arguments for that company were that there should be competition, and that for that purpose the C. P. R. should not be favored. On the very face of it, is it plain that these objects would not be attained by either one of these companies getting the subsidy, because the traffic over Hope Mountain for some years to come would not justify a line of railway so extensive to build being duplicated. The subsidizing of one company, therefore, means the exclusion of the other. As both companies appear anxious to reach the Similkameen, a joint government railway from some common point of juncture to the coast, over which both companies would have equal running powers, would serve at one cost the very objects to be attained. The cost to the province would not necessarily be greater, because by this government contributing \$4,000 a mile and the Dominion government \$8,000 a mile, the road could be bonded for the rest of the money required, the same as any private enterprise, and the government would have a direct asset for the

money invested, and receive returns in due proportion.

WHY WASTE CAPITAL IN USELESS LINES ?

It may be held, as it has been held, that if the V. V. & E. secured the subsidy and built the line, the C. P. R. would be forced, in its own interests, to parallel it. Even if this should result, why such a waste of capital when a single railway line would serve both companies?

Is this a practical, business-like policy, or is it not? Whether the Dominion government will accept the proposal is not the question. The question is, is it a wise policy? It demands a definite reply from our opponents. And that reply will determine whether they were sincere in the public interests in agitating for competition and against monopoly.

THE RIGHT OF THE PROVINCE TO IMPROVE CONDITIONS

I now come to the question of constitutionality involved in our railway policy of last year, which was attacked in an article obviously written or inspired by a legal gentleman. The astounding position is taken that the province, by seeking to impose conditions of any kind by contract with any railway it proposes to assist, which may be, or is, declared to be for the general benefit of Canada, and consequently under the exclusive control of the Dominion of Canada, is acting in "open defiance of the Dominion government—a direct derogation from the Dominion act, and an attempt unconstitutionally to vary the provisions of the B. N. A. Act," and "a declaration of war against the persons who are expected to co-operate with the provincial government in railway construction."

The government stipulated in its Railway Act, that the province should have "absolute control" of the railway and passenger rates, and that in case of the railway assisted passing under the jurisdiction of the Dominion, that the control should become a matter of contract between the province and the company. It is pointed out that the railways de-

clared for the general benefit of Canada come within the exclusive control of the Dominion, and that therefore there is a conflict of authority created, and that the province could not legally contract itself away from the Dominion authority. Similar objections are held to the power of taking the railway over after 20 years as a provincial undertaking, to the plans and specifications being approved by local officials and to any railway accepting a subsidy being controlled by the B. C. Railway act. There is nothing inconsistent as between the powers which the two governments could exercise in the province as a matter of private right insisting on certain conditions being complied with. Otherwise the province would be powerless even though its aid was two or three times greater than that given by the Dominion. For instance, a railway company going through private land might wish for free right of way or a portion of the land as a subsidy. If the owner imposed a condition that the railway should carry his produce at a certain rate and the company refused on the grounds that the Dominion government had control of rates the land owner could say, "Very well, you can't have my lands." The company would as a matter of fact have the right to enter into any arrangement even to carrying his goods and himself free, as a matter of private contract and there would be no abrogation from the authority of the Dominion. That is all the province proposes to do—to stipulate certain conditions as a return for the subsidy. I will never consent to granting bonuses to railways without a proper measure of control being exercised; and if this be denied I would refer all promoters to Ottawa. If the British North America Act will not permit us a voice in the railways we help to build when these pass under the jurisdiction of the Dominion then that act should be changed as soon as possible, or a notice served on all railways that they must deal with the Dominion exclusively. The issue raised is not a new one and with that in mind the first paragraph of page 550 of the report of the delegation to Ottawa

was written. We asked there that an understanding should be arrived at on that and other issues that might be raised between the two governments in respect to railways.

NOT A NEW ISSUE

Some years ago a similar question arose in Ontario and the province and municipalities which had assisted railways took very great objection to lines which they had assisted passing out of their control, but it is not now a vital question there owing to the fact that all existing lines of railway have been absorbed either into the C. P. R. or Grand Trunk systems, existing legislation being insufficient to prevent it, and no better reason could be advanced why a joint railway policy should be now framed.

What the delegation brought to the attention of the Dominion government was that in a province like British Columbia where the building of railways is the very essence of development that could not be effected without the combined aid of both governments. Where two governments assist railways and such assistance is absolutely necessary for this there should be agreement and co-operation between the two governments. No man with the interests of the province at heart will assert otherwise. We asked that an understanding should be arrived at as to a common policy and uniform system of communication. We wanted also a clearly defined understanding as to where our jurisdiction ended and where the Dominion jurisdiction began, so as to avoid conflict which is ever imminent.

THE CRUX OF THE CASE

But the crux of our demands on the Dominion is after all a financial question. Writers and speakers talk about the prosperity and the increased revenues to flow, from the development of the country by railways, the opening up of mines, the establishment of industries, etc., but they forget that in a country situated as British Columbia is with the sources of revenue it has at its disposal, the increase of population means also increased demand for roads, schools, administration of justice, government officials, and other expenditures to eat up the increased revenues and leave us but little better off; while on the other hand the potential sources of revenue arising

out of customs, excise, fisheries, etc., go to the Dominion. When the terms of Confederation were being discussed, Hon. J. S. Helmcken, a colonial statesman, contended that for the purposes of per capita subsidy from the Dominion the population should be reckoned at three times its actual number. The sequel proves that he was right, because if we add to the fact that we pay three times the ordinary contribution to the Dominion per head from all parts of Canada the other fact that the cost of administration is three or four times greater per capita than in other provinces, and that our freight rates on goods we consume are many times greater it will be clear that we are entitled on our present population to a yearly subsidy of more than one million dollars. That is the amount I suggested in discussing the matter with Sir Wilfrid Laurier last year, that we should receive annually, and whether this government is sustained or not I feel absolutely certain the time will soon come when our claims will become unanimous on the part of the people of the province.

A SERIOUS CONSIDERATION

A leading writer in the provincial press in discussing the government manifesto has remarked the financial situation is the most vital issue in provincial politics at the present time, and I most fully agree with him; but a careful study of the situation will convince him as well as others that we cannot as stated before make bricks without straw, and that unless a full measure of justice is accorded us by the Dominion government he or any other gentleman as Minister of Finance would be unable to meet the requirements of our development. We ask no favors of the Dominion government, we seek no interference on the part of the Federal authorities, and contemplate no surrender of our provincial rights. We ask merely for justice and such a fair return of our revenues under the terms of a convention, as will enable us to do for ourselves what we are otherwise unable to do—namely to meet the reasonable requirements of the province in the way of administration and development. I can state the whole case in the terms of my letter to Sir Wilfrid Laurier in effect that if the province had control of all the revenues contributed to the Dominion and Provincial treasuries it could provide for all the public utilities now paid for by both, build its own railways, and do everything else asked for or required and still have a yearly surplus to its credit. Those anxious for an argument on the merits of the case are invited to take that statement seriously into their consideration.

JAMES DUNSMUIR.

Extract from the Report of the Delegation to Ottawa.

Since 1872, the revenue contributed by British Columbia to the Dominion, up to July 1st, 1901, will have amounted to, roundly, \$42,000,000. Taking the average of the population for the three census periods, 1871 to 1881; 1881 to 1891; and 1891 to 1901, at 81,000, and that of all Canada at 4,500,000 for the same periods—had the whole of the people of the latter contributed in the same ratio per capita, the revenue would have amounted to \$2,333,250,000 instead of \$886,360,000.

In other words 1-55 of the population has contributed about 1-20 of the revenue of Canada in 30 years.

Conversely, if the contribution of British Columbia, for that period, had been on the same basis as the rest of Canada, it would have amounted to only \$15,957,000.

Taking the population at 5,250,000 and 125,000, respectively, the per capita contribution of all Canada in 1899 was \$8.93 per head, and that of British Columbia \$25.67 per head.

If the revenue from British Columbia had been on the same ratio as the rest of Canada, it would have amounted to only \$1,116,250, instead of \$3,194,808.

Taking the customs and excise alone, which amounted in 1899 to \$34,958,000 for the Dominion, and \$2,627,500 for the Province, on the same basis of population, the per capita contributions are \$6.65 and \$21.02. Had the whole population of Canada contributed in the same ratio as British Columbia, the taxation derivable from inland revenue and customs would have been \$110,250,000, instead of \$34,958,000.

Conversely, if British Columbia had contributed in the same ratio as the rest of the Dominion, the revenue from British Columbia from these sources would have been only \$831,250.

In 1899, our Provincial contributions to the Dominion Treasury, from all sources, were \$3,208,788; and our share

of all expenditure by the Dominion was \$1,334,618.

If the whole of Canada had contributed in the same ratio, the revenue of Canada for that year would have been \$134,767,000, instead of \$46,741,250.

Now then, coming to the statements of contributions to the Dominion Treasury and the expenditure from the same in British Columbia, the result of computation covering a period of thirty years is as follows:—

The total amount expended by the Dominion in the Province up to 1st July, 1901—estimating the expenditure for the present year—will have been \$28,968,091; the total contributed by British Columbia to the Dominion during the same period will have been \$42,475,349; leaving a balance in favor of the Province of over \$13,500,000.

The expenditures in the Province include the \$750,000 paid to the Esquimalt & Nanaimo Railway Company as a subsidy, and all the other railway subsidies; the debt of the Province assumed by the Dominion in 1872 and interest on the same, and everything else directly or indirectly connected with the Province, which has been paid for by the Dominion.

While the Province has a clear surplus of over \$13,500,000 to its credit, apart, of course, from its legitimate share of the cost of government of Canada as a whole, on the other hand, the liabilities of the Dominion, which were \$122,000,000 in 1872, have risen to \$350,000,000 in 1900. The position of British Columbia, therefore, is, that it has not only practically paid its own way and recouped the Dominion for everything that it has cost, directly or indirectly, but, in addition, has become liable for its share of the debt of the Dominion, which, on a per capita basis, amounts to \$9,500,000.